

Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 02696 182051Z

70

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 H-02 L-03 PA-02 PRS-01 /101 W

----- 119824

R 181935Z JUL 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6014

UNCLAS OTTAWA 2696

POUCHED TO ALL CONSULTATES IN CANADA FOR INFO

E.O. 11652: N/A

TAGS: EINV, ENRG, ETRD, CA

SUBJ: PRINCIPLES OF INTERNATIONAL BUSINESS CONDUCT

REF: OTTAWA 2681

1. IN ANNOUNCING IMPLEMENTATION PHASE II OF INVESTMENT REVIEW ACT, ITC MINISTER GILLESPIE TABLED IN PARLIAMENT NEW "PRINCIPLES OF INTERNATIONAL BUSINESS CONDUCT" TO REPLACE "GUIDING PRINCIPLES OF GOOD CORPORATE BEHAVIOR IN CANADA" ISSUED BY FORMER MINISTER ROBERT WINTERS IN MARCH 1966. GILLESPIE TOLD HOUSE OF COMMONS THAT "PRINCIPLES" ARE NOT TO BE CONFUSED WITH FIRA GUIDELINES; THEY PROVIDE "AN ADDED INDICATION OF THE SORT OF BENEFITS THE GOVERNMENT LOOKS FOR UNDER FIRA" BUT THEY ARE DIRECTED AT ALL FOREIGN-CONTROLLED ENTERPRISES DOING BUSINESS IN CANADA WHETHER INVOLVED WITH FIRA OR NOT. GILLESPIE SAID REVISED PRINCIPLES REFLECT NEW DEVELOPMENTS SINCE 1966 AND NOTED INTER ALIA THAT 1966 PRINCIPLES DID NOT LAY PARTICULAR STRESS ON NEED FOR SUBSIDIARIES TO HAVE MORE AUTONOMY OR "SUFFICIENTLY UNDERLINE THE NEED TO IDENTIFY MORE CLOSELY WITH CANADA, ECONOMICALLY, SOCIALLY AND CULTURALLY."

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OTTAWA 02696 182051Z

GILLESPIE ALSO CALLED SPECIAL ATTENTION TO NEW PRINCIPLE

14 REGARDING TECHNOLOGY-RELATED ACTIVITIES WHICH
CORRECTS "MAJOR OMISSION" FROM OLD PRINCIPLES.

2. FOLLOWING IS TEXT OF NEW PRINCIPLES:

BEGIN QUOTE

FOREIGN-CONTROLLED BUSINESSES IN CANADA ARE
EXPECTED TO OPERATE IN WAYS THAT WILL BRING SIGNIFICANT
BENEFIT TO CANADA. TO THIS END THEY SHOULD PURSUE
POLICIES THAT WILL FOSTER THEIR INDEPENDENCE IN DECISION-
MAKING, THEIR INNOVATIVE AND OTHER ENTREPRENEURIAL
CAPABILITIES, THEIR EFFICIENCY, AND THEIR IDENTIFICATION
WITH CANADA AN THE ASPIRATIONS OF THE CANADIAN PEOPLE.

WITHIN THESE GENERAL OBJECTIVES, THE FOLLOWING
PRINCIPLES OF GOOD CORPORATE BEHAVIOR ARE RECOMMENDED
BY THE CANADIAN GOVERNMENT. FOREIGN-CONTROLLED FIRMS
IN CANADA SHOULD:

1. PURSUE A HIGH DEGREE OF AUTONOMY IN THE
EXERCISE OF DECISION-MAKING AND RISK-TAKING
FUNCTIONS, INCLUDING INNOVATIVE ACTIVITY AND
THE MARKETING OF ANY RESULTING NEW PRODUCTS.

2. DEVELOP AS AN INTEGRAL PART OF THE CANADIAN
OPERATION AN AUTONOMOUS CAPABILITY FOR TECH-
NOLOGICAL INNOVATION, INCLUDING RESEARCH,
DEVELOPMENT, ENGINEERING, INDUSTRIAL DESIGN AND
PREPRODUCTION ACTIVITIES; AND FOR PRODUCTION,
MARKETING, PURCHASING AND ACCOUNTING.

3. RETAIN IN CANADA A SUFFICIENT SHARE OF
EARNINGS TO GIVE STRONG FINANCIAL SUPPORT TO THE
GROWTH AND ENTREPRENEURIAL POTENTIAL OF THE
CANADIAN OPERATION, HAVING IN MIND A FAIR RETURN
TO SHAREHOLDERS ON CAPITAL INVESTED.

4. STRIVE FOR A FULL INTERNATIONAL MANDATE FOR
INNOVATION AND MARKET DEVELOPMENT, WHEN IT WILL
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OTTAWA 02696 182051Z

ENABLE THE CANADIAN COMPANY TO IMPROVE ITS
EFFICIENCY BY SPECIALIZATION OF PRODUCTIVE
OPERATIONS.

5. AGGRESSIVELY PURSUE AND DEVELOP MARKET
OPPORTUNITIES THROUGHOUT INTERNATIONAL MARKETS
AS WELL AS IN CANADA.

6. EXTEND THE PROCESSING IN CANADA OF NATURAL RESOURCE PRODUCTS TO THE MAXIMUM EXTENT FEASIBLE ON AN ECONOMIC BASIS.

7. SEARCH OUT AND DEVELOP ECONOMIC SOURCES OF SUPPLY IN CANADA FOR DOMESTICALLY PRODUCED GOODS AND FOR PROFESSIONAL AND OTHER SERVICES.

8. FOSTER A CANADIAN OUTLOOK WITHIN MANAGEMENT, AS WELL AS ENLARGED CAREER OPPORTUNITIES WITHIN CANADA, BY PROMOTING CANADIANS TO SENIOR AND MIDDLE MANAGEMENT POSITIONS, BY ASSISTING THIS PROCESS WITH AN EFFECTIVE MANAGEMENT TRAINING PROGRAM, AND BY INCLUDING A MAJORITY OF CANADIANS ON BOARDS OF DIRECTORS OF ALL CANADIAN COMPANIES, IN ACCORDANCE WITH THE SPIRIT OF FEDERAL LEGISLATIVE INITIATIVES.

9. CREATE A FINANCIAL STRUCTURE THAT PROVIDES OPPORTUNITY FOR SUBSTANTIAL EQUITY PARTICIPATION IN THE CANADIAN ENTERPRISE BY THE CANADIAN PUBLIC.

10. PURSUE A PRICING POLICY DESIGNED TO ASSURE A FAIR AND REASONABLE RETURN TO THE COMPANY AND TO CANADA FOR ALL GOODS AND SERVICES SOLD ABROAD, INCLUDING SALES TO PARENT COMPANIES AND OTHER AFFILIATES. IN RESPECT OF PURCHASES FROM PARENT COMPANIES AND AFFILIATES ABROAD, PURSUE A PRICING POLICY DESIGNED TO ASSURE THAT THE TERMS ARE AT LEAST AS FAVOURABLE AS THOSE OFFERED BY OTHER SUPPLIERS.

11. REGULARLY PUBLISH INFORMATION ON THE UNCLASSIFIED

UNCLASSIFIED

PAGE 04 OTTAWA 02696 182051Z

OPERATIONS AND FINANCIAL POSITION OF THE FIRM.

12. GIVE APPROPRIATE SUPPORT TO RECOGNIZED NATIONAL OBJECTIVES AND ESTABLISHED GOVERNMENT PROGRAMS, WHILE RESISTING ANY DIRECT OR INDIRECT PRESSURE FROM FOREIGN GOVERNMENTS OR ASSOCIATED COMPANIES TO ACT IN A CONTRARY MANNER.

13. PARTICIPATE IN CANADIAN SOCIAL AND CULTURAL LIFE AND SUPPORT THOSE INSTITUTIONS THAT ARE CONCERNED WITH THE INTELLECTUAL, SOCIAL AND CULTURAL ADVANCEMENT OF THE CANADIAN COMMUNITY.

14. ENDEAVOR TO ENSURE THAT ACCESS TO FOREIGN RESOURCES, INCLUDING TECHNOLOGY AND KNOW-HOW,

IS NOT ASSOCIATED WITH TERMS AND CONDITIONS
THAT RESTRAIN THE FIRM FROM OBSERVING THESE
PRINCIPLES. END QUOTE. JOHNSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, POLICIES, FOREIGN INVESTMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OTTAWA02696
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750249-1148
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750742/aaaabluf.tel
Line Count: 172
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 OTTAWA 2681
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 07 JAN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JAN 2003 by ThomasVJ>; APPROVED <23 MAR 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRINCIPLES OF INTERNATIONAL BUSINESS CONDUCT
TAGS: EINV, ENRG, ETRD, CA, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006